HUMAN CAPITAL
MANAGEMENT INSTITUTE

Case Study:
Scofield Financial - Optimizing
Recruiting Sources

Background

Scofield Financial is a mid-sized financial services company with retail banking, residential lending and commercial business lending divisions. The company employs approximately 8,500 U.S.-based workers at 110 locations. Historically, Scofield has outperformed peers and larger competitors during challenging economic times due to its conservative lending practices and top quality loan servicing and risk management groups.

However, Scofield was experiencing challenges recruiting and retaining top performers. High turnover rates were reducing much of the company's recruitment efforts to replacement efforts, and there was little insight on how to hire and retain top talent.

Overview

As part of a comprehensive workforce analytics effort, the HR Analytics team, in partnership with HCMI, focused on identifying where the organization hires their best employees. The analysis aimed to identify the best recruiting sources and evaluate recruiters on their ability to bring in top talent.

Recruiting sources were evaluated on the percentage of "bad hires", or employees that terminated within 90 days of hire. In addition, turnover in the first year, 90 day performance review and annual performance rating were also included as part of the evaluation criteria.

Overview

The goal of this project was to answer the following key questions:

- Which recruiting sources were Scofield's most reliable sources of top talent?
- Where is Scofield getting the highest percentage of high performers?
- Where are they getting more bad hires and early leavers?
- How can current recruiting sources be improved?
- Which of our recruiters are bringing in the best talent?

Data Model and Analysis:

- Detailed analysis included 3 years of recruiting data, including recruiting source, the recruiter who hired the employee, and the employee who referred them, if applicable
- Recruiting data was integrated with employee level turnover and performance data
- Recruiting source optimization-Focused on employee referrals, which was providing many high performers, but also much of Scofield's new hire turnover.

Results

While employee referrals were a very effective means of attracting future high performers, they also turned over at a higher rate than desired for Scofield's primary source of talent. Employee referrals were providing more new hires than any other source (nearly half of the all new hires), followed by temporary conversions and internet applications.

Figure 1 below shows Scofield's hiring source ranking, with temporary to regular conversions and employee referrals ranking highest.

	TEMPORARY TO REGULAR	EMPLOYEE REFERRAL	AGENCY	DIRECT SOURCING	INTERNET	ADS	
OVERALL RANKING	1	2	3	4	5	6	
PERFORMANCE RANKING	4	1	3	5	7	6	
% OF HIGH PERFORMANCE	30.0%	34.2%	33.7%	27.3%	25.9%	26.0%	
BAD HIRE RANKING	1	2	4	5	5	8	
% OF BAD HIRES	7.6%	10.8%	13.0%	14.3%	14.1%	18.9%	
TURNOVER < 1 YEAR RANKING	1	4	5	7	6	8	
% OF BAD HIRES	18.5%	23.0%	23.7%	26.9%	26.5%	33.2%	

Figure 1. Recruiting Source Effectiveness Scorecard

Results

After further analysis, it was uncovered that in fact the employee referring the new hire had a significant impact on their future performance and retention. New hires that were referred by high performing employees, were much more likely to refer a future high performer that had a high probability of being retained.
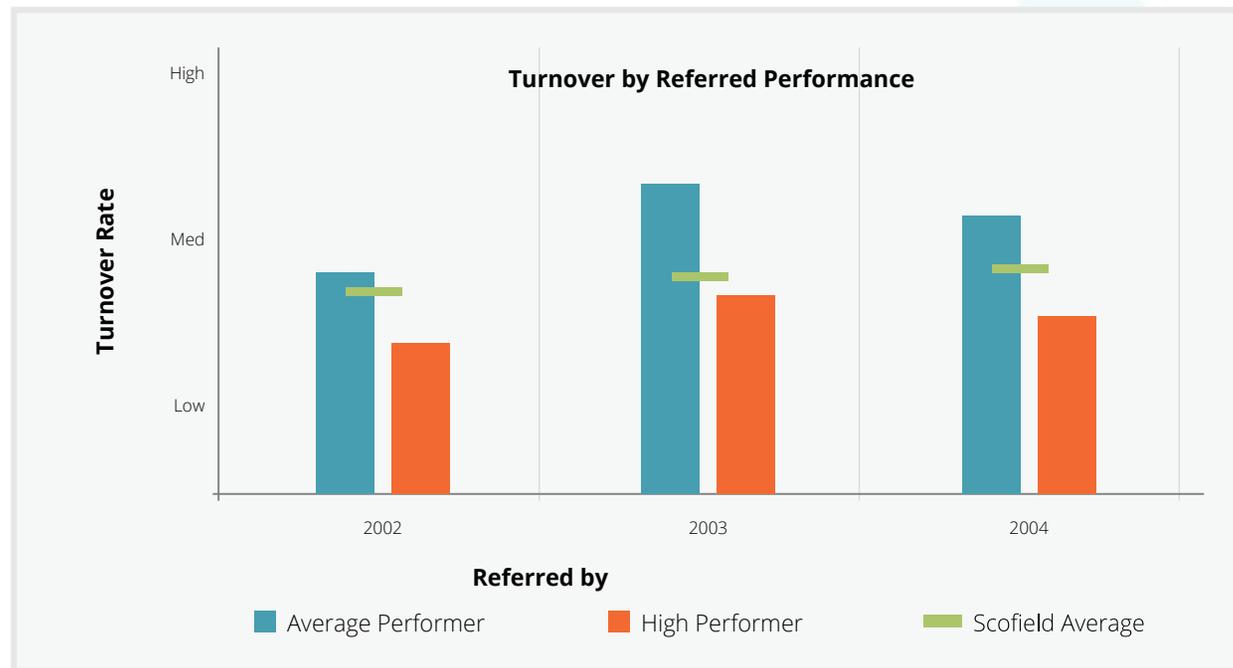
Turnover by Referred Performance

Figure 2. Turnover Rate by who referred the New Hire

- High performers were twice as likely to refer a new high performer.
- Only 1 percent of employees referred by high performers were rated as failing to meet performance standards, compared to the company average of 6%.
- The turnover rate of new hires referred by high performers was almost half that of new hires referred by average and low performers

Results

Finally, these results were combined with individual recruiter data to create individual recruiter scorecards. Each recruiter's time to fill positions, usage rates for different hiring sources, and work positions filled were included along with the resulting new hires' turnover and performance rates.

This allowed management to see which recruiters were most quickly bringing in effective talent, where, and how:
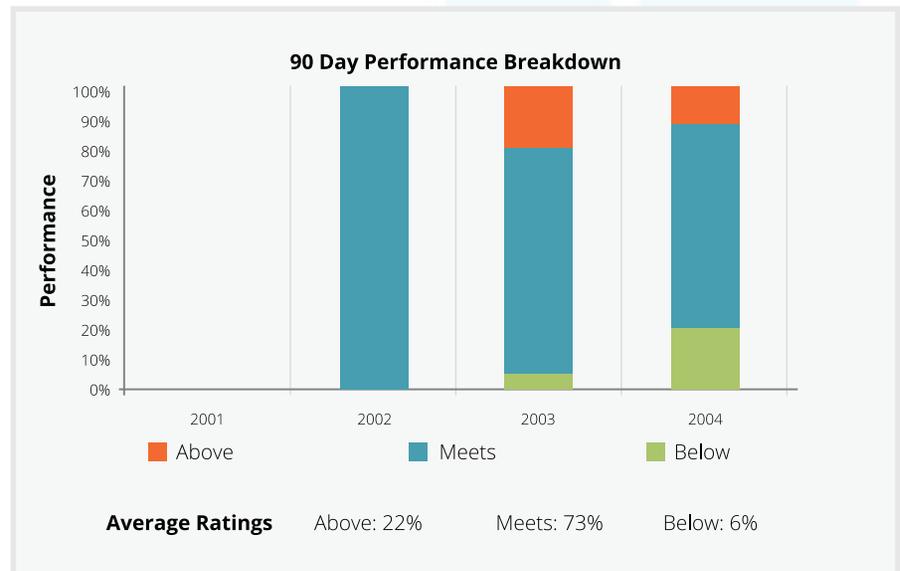
Recruiter A
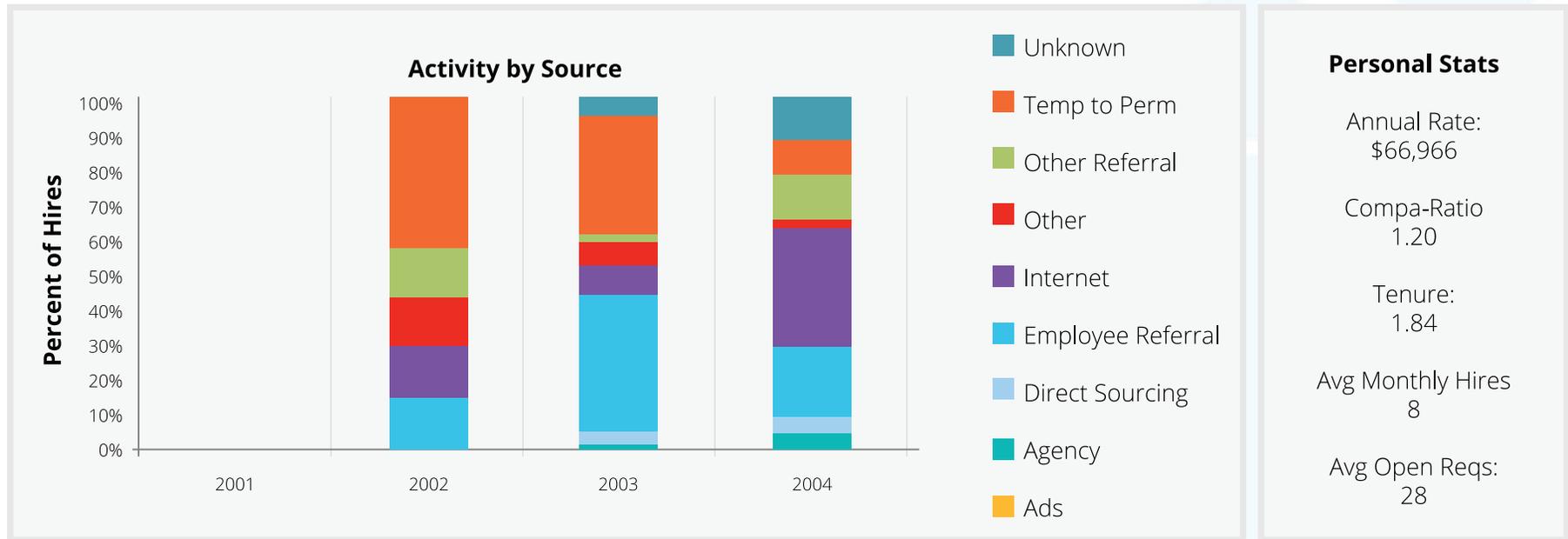Recruiter, Sr.
Hire Date 10/14/02

Recruiter Scorecard

Hiring Activity	2001 Hires	2002 Hires	2003 Hires	2004 Hires	Cust Serv	IT Prof	Mgmt	Ops	Prof	Sales	Skilled	Total Hires	Avg
	0	7	78	60	34%	0%	10%	3%	10%	27%	17%	145	137

Time to Fill / Bad Hires

Avg % Bad Hires: 11%   Avg Time To Fill: 54 Days   Avg Blended Benchmark: 47 Days

Legend: Time to Fill · Blended Benchmark · Bad Hires

90 Day Performance Breakdown

Legend: Above · Meets · Below

Average Ratings   Above: 22%   Meets: 73%   Below: 6%

Results

% of High Performers	2001	2002	2003	2004	All Years	Avg
	n/a	29%	15%	n/a	22%	21%

Activity by Source

Legend:
- Unknown
- Temp to Perm
- Other Referral
- Other
- Internet
- Employee Referral
- Direct Sourcing
- Agency
- Ads

Y-axis: Percent of Hires (0% to 100%)
X-axis: 2001, 2002, 2003, 2004

Personal Stats

Annual Rate:
$66,966

Compa-Ratio
1.20

Tenure:
1.84

Avg Monthly Hires
8

Avg Open Reqs:
28

Figure 3. Scofield Recruiter Scorecard

Conclusion

In partnership with HCMI, Scofield was able to identify and target the best sources of hire, and make specific recommendations and adjustments by job type. Recruiting was able to focus on top candidates referred by high performers, and individual recruiters were held accountable for the retention of their hires. Furthermore, because employee referrals and temporary conversions were the two lowest-cost sources, increasing utilization of these sources ultimately resulted in lowering controlling costs. As hiring activity increased, the recruiting department was able to hold costs flat, a big success for all of Scofield's HR group.

Read more about Scofield Financial in the last case study of this series about how the company hired high performers within their applicant pool.

# About Human Capital Management Institute

HCMI (Human Capital Management Institute) is a workforce analytics software and services firm that provides organizations with powerful software, actionable intelligence and deep analytics expertise to deliver better business results through smarter workforce spending. Since our founding in 2008, HCMI continues to lead in human capital analytics capabilities with our SOLVE™ workforce intelligence platform, unique Human Capital Financial Statements HCF$™ and the world's largest workforce productivity benchmark database. Our mission is to enable organizations to leverage their workforce as a source of transformational value creation.

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This vision of Human Capital Measurement and Planning was featured on the November 2011 cover of CFO Magazine.
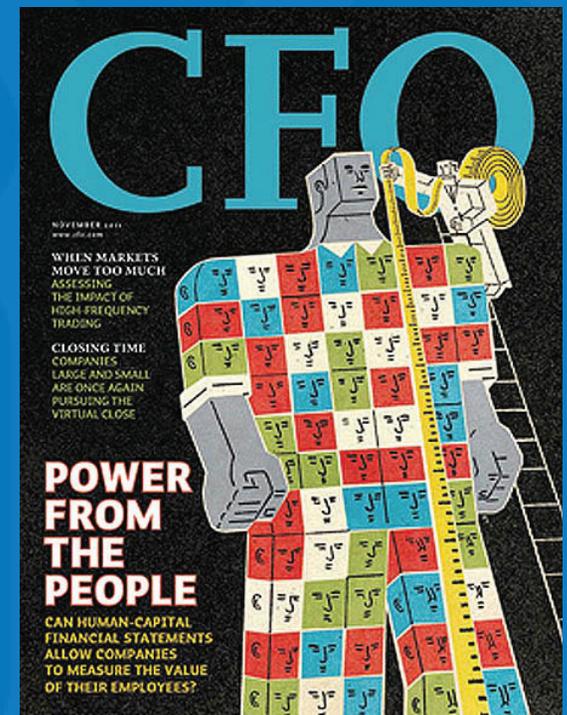
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